

To: Investor Partners of Castlereagh Equity Pty Ltd

From: Peter Phan

Date: 31 August 2015

Re: Monthly Update

	Castlereagh Equity	ASX All Ordinaries	Relative Performance	CE Net Asset Value
1 November 2013 to 31 August 2015	10%	-3.6%	13.6%	110 cents
1 February 2015 to 31 August 2015	3.6%	-5.9%	9.5%	110 cents

The XAO started at 5420 on 1 November 2013 and ended at 5222 on 31 August 2015. It has been a rollercoaster month for the ASX, with a drop of over 4% on the Monday of the final week followed by 4 days of continual rises which clawed back all of the losses, and culminating in a final drop on the last day of the month. In percentage terms, the XAO dropped 3.6% for the period since the inception of the CE fund. CE's performance over the same period is 10%.

Taking things from the commencement of 1 February 2015, the XAO started at 5552 on 1 February 2015 and ended at 5222 on 31 August 2015. In percentage terms, the XAO decreased by 5.9% for this seven-month period. CE started at 106.2 on 1 February 2015, and ended at 110 on 31 August 2015, such being with an increase of 3.6% for the same period.

For the month of August 2015, the XAO dropped 7.9%. The CE portfolio dropped 2.5%.

Today marked the end of the major reporting season on the ASX. 75% of the holdings in the CE portfolio delivered on expectation. About 30% of the holdings delivered excellent results surpassing our modest expectations. Since we have purchased these holdings at low prices, average performance meeting expectations was more than sufficient to compel a rerating. The holdings delivering results exceeding expectations were merely icing on the cake. This characteristic of the portfolio explains its steady performance to date especially compared with the wild gyrations of the XAO.

Having said that, the above also means that 25% of the holdings in the CE portfolio delivered performance below expectations. These are the positions which we examine with fine detail. We strive to determine whether we have made a pure error of judgment (an unforced error, in tennis parlance) or whether the subpar performance of these holdings arose due to business exigencies beyond our control. The primary objective is to minimise the unforced errors going forward.

Going forward, our experience and knowledge will continue to accumulate year by year. These accrued resources in skills and learning provides a significant, sustainable and growing advantage to CE with each passing year.

If any investor partner wishes to contact me to discuss this memorandum or any other matters related to CE, please do not hesitate to do so. Investor partners will also note that the front page of the CE website has been continually hacked over the last few months. We advise that after repeated

attempts to resolve this issue with the domain hosting service, we are now in the process of moving the website to another hosting provider. We will also take the opportunity to update the website.

Thank you for your trust and confidence in us.

Regards

Peter Phan

Director, Castlereagh Equity Pty Ltd